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CC(84) 22nd
Conclusions

COPY NO 74

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on
THURSDAY 14 JUNE 1984
at 10.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Viscount Whitelaw
Lord President of the Council
The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
The Rt Hon James Prior MP
Secretary of State for Northern Ireland
The Rt Hon Michael Heseltine MP
Secretary of State for Defence
The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
The Rt Hon John Biffen MP
Lord Privy Seal
The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
The Rt Hon Tom King MP
Secretary of State for Employment
The Rt Hon Peter Rees QC MP
Chief Secretary, Treasury

The Rt Hon Lord Hailsham
Lord Chancellor
The Rt Hon Leon Brittan QC MP
Secretary of State for the Home Department
The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and Science
The Rt Hon Peter Walker MP
Secretary of State for Energy
The Rt Hon George Younger MP
Secretary of State for Scotland
The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
The Rt Hon Norman Fowler MP
Secretary of State for Social Services
The Rt Hon Lord Cockfield
Chancellor of the Duchy of Lancaster
The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries and Food
The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

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ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr P L Gregson (Item 5)
Mr A D S Goodall (Items 3 and 4)
Mr D F Williamson (Items 3 and 4)
Mr M S Buckley (Item 5)
Mr R Watson (Items 1 and 2)
Mr S B Hickson (Items 1 and 2)

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PARLIAMENTARY AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

Local Government (Interim Provisions) Bill

THE PRIME MINISTER said that the Cabinet would wish to congratulate the Lord President of the Council and his colleagues in the House of Lords on the successful outcome of the Second Reading votes on the Local Government (Interim Provisions) Bill.

THE LORD PRESIDENT OF THE COUNCIL said that, although the victory had been gratifying, the voting patterns gave cause for concern about the handling of subsequent stages of the Bill. Twice as many cross-benchers had voted against it as had opposed the Government on the Rates Bill. Bishops from the areas affected had spoken out strongly against the Government, and it was doubtful whether some of the peers who had supported the Government on Second Reading would be able to spare time to attend for the later stages. Nevertheless, every effort would be made to ensure good support during the Bill's further progress.

The Cabinet -

Took note.

1984 SOCIAL SECURITY OPERATING

2. THE SECRETARY OF STATE FOR SOCIAL SERVICES informed the Cabinet that he proposed to make a statement on 18 June announcing the changes to social security benefit rates from the following November. The Cabinet's discussion is recorded separately.

FOREIGN AFFAIRS

Iran/Iraq

Previous reference: HC(84) 21st Conclusions, Minute 2

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the situation in the Gulf had so far had no significant impact on world oil supplies and the international oil market remained calm. An agreement between Iran and Iraq (arranged by the Secretary General of the United Nations) to cease attacks on civilian centres of population had come into force at midnight on 11 June and had so far been observed. The Iranian land offensive was still thought to be imminent. Close contact was being maintained with the United States Administration which continued to take a calm view of the situation. The United States would not be selling Stinger surface-to-air missiles to Kuwait: the United Kingdom had offered to supply Kuwait with short-range air defence weapons: Blowpipe could be supplied immediately and Javelin as soon as it was available.

The Cabinet -

1. Took note.

THE FOREIGN AND COMMONWEALTH SECRETARY said that it was clear that the storming of the Golden Temple in Amritsar by Indian security forces had not put an end to the problem of Sikh extremism. Trouble continued throughout India and some 700 Sikh soldiers had deserted from various units of the Indian Army. The Indian Prime Minister, Mrs Gandhi, had spoken of the need to "heal the wounds inflicted on the hearts of the people", but it was difficult for her to take any practical steps while moderate leaders of the Sikh movement had either lost their influence or were in detention. In London the large Sikh demonstration on 10 June had passed off peacefully, but the Indian High Commission were concerned about the safety of their buildings and diplomatic personnel. The Permanent Secretary of the Indian Foreign Ministry, Mr Rasgotra, had informed the Acting British High Commissioner in New Delhi on 13 June that the Indian Government was introducing a visa requirement for United Kingdom passport holders with effect from midnight that night. Its purpose was to prevent trouble-makers from the Indian community in the United Kingdom returning to India: inconvenience to bona fide travellers would be kept to a minimum. He was in consultation with the Home Secretary as to whether it might be appropriate for the United Kingdom to impose a reciprocal requirement on Indian travellers entering the United Kingdom. This would require very careful consideration. In previous cases where Commonwealth countries had introduced similar visa requirements no reciprocal arrangements had been imposed. A particular Indian concern arose from statements by Sikh extremist leaders in the United Kingdom broadcast by the British Broadcasting Corporation (BBC), including an interview on 12 June in which, while promising that there would be no Sikh violence in the United Kingdom, the leader of the Khalistan National Organisation, Dr Chauhan, had said that it was the duty of Sikhs to take action against the Indian Government and had used language amounting to incitement to murder Mrs Gandhi.

THE PRIME MINISTER, summing up a short discussion, said that the Indian Government's concern about inflammatory broadcasts by extremist leaders in the United Kingdom was legitimate. There could be no excuse for the BBC or the Independent Broadcasting Authority allowing the transmission of statements which incited to murder and urgent consideration should be given to establishing whether such broadcasts constituted a criminal offence. The implications for Northern Ireland should also be borne in mind. The Government's views on the impropriety of such broadcasts should be brought to the attention of the Chairman of the BBC, Mr Stuart Young.

The Cabinet -

2. Invited the Home Secretary, in consultation with the Foreign and Commonwealth Secretary and the Attorney General, to examine the state of the law in relation to incitement in this country to violence overseas, and to bring the Government's views to the attention of the Chairman of the British Broadcasting Corporation.

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had attended a Ministerial meeting of the Council of Western European Union in Paris on 12 June. At French and German initiative agreement had been reached on a modest reactivation of the organisation of which the United Kingdom, France, the Federal Republic of Germany, Italy, the Netherlands, Belgium and Luxembourg were members. The purpose of the reactivation was to develop a more co-ordinated European view, within the Atlantic Alliance, on questions affecting European security. At the same time the provisions in the Western European Union Treaty limiting the production of conventional weapons by the Federal Republic of Germany were to be lifted. The United Kingdom had been successful in ensuring that the proposed reactivation would not prejudice the work of the Independent European Programme Group of the North Atlantic Treaty Organisation or cut across political co-operation within the European Community.

THE PRIME MINISTER said that the 10th Economic Summit meeting of the seven principal industrialised countries had taken place under her chairmanship in London from 7 to 9 June. It had been a businesslike and successful occasion, although firm action had been necessary to deflect some unjustified criticisms of the United States. Useful statements had been agreed and issued on the world economic situation, East-West relations, the conflict between Iran and Iraq, and the problems posed by international terrorism. Parity with an eye to German, Italian and Japanese sensitivities in the aftermath of the recent celebrations to mark the 40th Anniversary of the Liberation of Europe, the participants had also issued a Declaration on Democratic Values. The Cabinet would wish to record its appreciation of the outstandingly successful organisation of the Summit which had been the responsibility of staff from the Foreign and Commonwealth Office and other Departments working under the direction of Mr Nicholas Barrington.

The Cabinet -

3. Took note.

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that he had now resumed contact with the French Minister for European Affairs, Monsieur Dumas, on the question left outstanding at the last European Council in March 1984. The French seemed now to be again engaged in the search for a solution. He was making clear that the United Kingdom remained firmly in favour of a system for correcting the budget inequity and that we were seeking a solution in the framework of that system. The United Kingdom was also stressing the difficulties which would arise for other member states if there were no agreement. It would be desirable to move towards the framework of the settlement before the European Council at Fontainebleau on 25-26 June. In discussion it was pointed out that, in view of the difficulties, it would be a mistake to raise expectations of a settlement.

Western European Union
 London Economic Summit
 Previous Reference: CC(84) 21st Conclusions, Minute 2
 COMMUNITY AFFAIRS
 Community Budget and United Kingdom Refunds
 Previous Reference: CC(84) 21st Conclusions, Minute 3

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Working Time

THE SECRETARY OF STATE FOR EMPLOYMENT reported that at the Council of Ministers (Social Affairs) on 7 June he had made clear that the United Kingdom could not accept a proposed recommendation on the reduction and reorganisation of working time. Other member states, including the Germans despite their current industrial problems over working time, could accept the text. The proposed recommendation was in some respects equivocal but it gave the wrong signal. Although there had been no agreement, he considered that other member states did recognise that the United Kingdom had a genuine concern. It was lack of competitiveness which had cost jobs in the Community. The Presidency would now put the question, on their own authority, to the European Council.

The Cabinet -
Took note.

INDUSTRIAL AFFAIRS

Coal Industry Dispute

Previous Reference: CC(84) 21st Conclusions, Minute 4

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5. THE SECRETARY OF STATE FOR ENERGY reported to the Cabinet on the latest position in the coal industry dispute. The Cabinet's discussion is recorded separately.

Cabinet Office
14 June 1984

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Sir Robert Armstrong (Bound Volume)

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CABINET

LIMITED CIRCULATION ANNEX

CC(84) 22nd Conclusions, Minute 2

Thursday 14 June 1984 at 10.00 am

1984 SOCIAL
SECURITY
UPRATING

THE SECRETARY OF STATE FOR SOCIAL SERVICES said that he proposed on Monday 18 June to make a statement announcing the changes to be made in November to social security benefit rates. The details were set out in his minute of 13 June to the Prime Minister. Such announcements were an annual occurrence, but, following the last public expenditure review, he also proposed this year to make certain changes to benefit structures and payment arrangements. Retirement pensions, unemployment benefit and family income supplement would increase by 5.1 per cent and supplementary benefit by 4.7 per cent. These increases compared favourably with the forecast figure of 4.5 per cent for inflation in November. The practice of using historic data could therefore be shown to have benefited claimants this year. The increase would, however, come into effect a week later than the previous year: this was essential to prevent the gradual year-to-year advance of the incremental date which would otherwise result from the operation of a 52-week year. He also proposed to take the opportunity to increase from 50p to £1, and to reapply to heating allowances, the available scale margin - a deduction made from the additional allowances paid to pensioners and some others on long-term supplementary benefit to cover special needs such as heating, laundry and special diets. This first increase since 1972 was intended to reflect to some degree the growth over the years in those allowances, and would be mitigated by excluding from the reckoning allowances relating to children, by making heating allowances automatic for over-65s as well as over-70s and by paying higher heating allowances to the over-85s. Family income supplement payments would not in future be uprated at a fixed annual point but only when renewed or first awarded - at a saving of £11 million per annum. These marginal reductions could, to some extent, be counter-balanced by improvements to age allowances for war widows and benefit rates for those aged over 80, and an increase from £65 to £70 in retirement pensioners' earnings limit. Finally, he proposed that unemployment benefit should be paid fortnightly in arrears rather than one week in advance and one in arrears. This would save £17 million in the first year and £9 million in subsequent years. Overpayments of benefit to people who had begun working again, which were difficult to recover, would be eliminated. 200 staff in the Department of Employment and ultimately 50 in the Department of Health and Social Security would be saved. No legislation would be required and it was the easiest means in the social security field of providing the necessary savings. It had to be recognised, however, that this and some of the other changes would attract

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criticism both from the Opposition and some Conservative backbenchers. The Civil and Public Services Association might also react, possibly aggravating the present industrial dispute at Newcastle over the use of computers.

In discussion it was agreed that the unemployment benefit change was likely to prove the most controversial. Against the administrative and financial advantages had to be set the concern felt in all parties about the treatment of the unemployed. Recently this had focused most on the long-term unemployed; this change would affect only those newly unemployed. A person leaving employment would have to wait almost three weeks before receiving his first unemployment benefit, compared with about two weeks at present. The financial circumstances of the newly unemployed would vary. Some would have more than one week's pay in hand, and those who were in real financial difficulty could apply straightaway for supplementary benefit in the same way as people whose firms had closed through bankruptcy might have to do at present. Also, payment in arrears would help to relieve the financial embarrassment currently experienced initially by people re-entering employment as they waited for their first week's wages. There would no longer be a need to attempt to recover overpayments from individuals. One side effect of the change would be to reduce over-recording of the unemployment total by some 40,000 over a period of six months.

THE PRIME MINISTER, summing up the discussion, said that the changes had to be judged against the clear conclusion of the public expenditure survey that savings must be made on the current very high expenditure on social security benefits. These proposals represented the most defensible way of achieving them, particularly in as much as they did not involve a cut in unemployment benefit. The decisions must nevertheless be presented carefully, with emphasis being put on the immediate availability of supplementary benefit and the fact that it had been the Opposition who had introduced the fortnightly payments system.

The Cabinet -

1. Approved the proposals set out in the minute of 13 June 1984 from the Secretary of State for Social Services to the Prime Minister.
2. Invited the Secretary of State for Social Services to be guided by the points made in discussion and in the Prime Minister's summing up when preparing his statement.

Cabinet Office

15 June 1984

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CABINET

LIMITED CIRCULATION ANNEX

CC(84) 22nd Conclusions, Minute 5

Thursday 14 June 1984 at 10.00 am

THE SECRETARY OF STATE FOR ENERGY said that at a meeting during the previous week with the National Coal Board (NCB) representatives of the National Union of Mineworkers (NUM) had suggested that it would be possible to produce a definition satisfactory to both sides of the grounds on which a pit could properly be closed as uneconomic. As this appeared to hold out a prospect of useful negotiations, a further meeting had been arranged for Wednesday 13 June. At that meeting the President of the NUM, Mr Scargill, had behaved in an emotional and intransigent way and had repeated his previous demands for the withdrawal of all plans for pit closures other than on grounds of physical exhaustion as a precondition of further talks. The NCB could not accept this. The General Secretary of the NUM, Mr Heathfield, had observed that the two sides appeared to have reached a stalemate; the Chairman of the NCB, Mr MacGregor, had agreed; and the talks had been broken off. In subsequent interviews with the media Mr Scargill had put forward a "ten-point programme" of demands, including higher pay, a four-day week, and an extension of the life of all pits. Mr Heathfield, and Mr McGahey of the Scottish NUM, had taken no part in these interviews; it was possible that they were trying to distance themselves from Mr Scargill. Alternatively, it was possible that the three NUM leaders had concerted tactics in which each would play a different role; but some of the personalities involved were volatile, and it was hard to reach a confident judgment.

41 pits were working normally; 2 were on annual holiday; and 8 pits were producing some coal - 3 at nearly normal levels. Coal stocks at power stations amounted to 18 million tonnes; stocks had fallen by only 250,000 tonnes the previous week. Although some drivers at the Shirebrook railway depot in Nottinghamshire had refused to work coal trains, there had been little effect on coal movements. It was possible that more train drivers would refuse to work coal trains because their union, the Associated Society of Locomotive Engineers and Firemen, had decided to make them payments in these circumstances equivalent to their basic wage; but previous efforts by the leaders of the NUM and the railway trade unions to block coal movements had failed, and there was no reason to think that their latest attempts would enjoy better success.

INDUSTRIAL
AFFAIRS---
Coal
Industry
DisputePrevious
Reference:
CC(84) 21st
Conclusions,
Minute 4

There were some signs of a movement back to work among coalminers, though in most parts of the country it was only at a trickle. 3 pits in Lancashire had originally been on strike but now had attendance at 65 per cent of normal. It was likely that many miners on strike had been reluctant to return to work while talks between the NCB and NUM were in progress and there seemed to be some prospect of an early settlement to the dispute. Now that the talks had collapsed they might change their attitude. The next few days would be significant. In particular, there was a meeting of the National Executive of the NUM that morning, at which it was possible that moderate opinion would begin to express itself. NCB management would increase its already substantial efforts to persuade miners on strike to return to work; letters to this effect would shortly be sent to the homes of all striking miners. Government spokesmen should continue to emphasise the damage that was being done by the strike to the coal industry's prospects and to the physical condition of its pits, and the excellent conditions available to miners if they returned to work.

THE HOME SECRETARY said that the police were reporting clear signs of a weakening of resolve among pickets. Mr Scargill was now relying largely on a hard core of pickets, estimated by the police to number about 3,000.

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that the steel industry was still receiving adequate supplies of coal and coke. Other coal-using industries appeared to be experiencing no significant difficulties.

In discussion the following main points were made -

- a. It would have a telling effect if Ministers could point in public to one or more well-authenticated instances of pits facing certain closure because of physical deterioration due to the strike. It was not clear, however, that there were such instances yet. In any event most miners were aware of the dangers in general terms.
- b. Coal was being produced, though only in relatively small amounts, at open-cast sites in Scotland, but it was not being moved because hauliers were apprehensive of possible danger to their vehicles from pickets and others. It would be desirable to investigate whether it would be possible to move this coal.

THE PRIME MINISTER, summing up the discussion, said that the Government should maintain its previous stance. Any statements by Government spokesmen should be directed at encouraging miners on strike to return to work, especially during the next few days.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of their discussion.

Cabinet Office

15 June 1984